

**DRAFT MINUTES of the
ECONOMIC DEVELOPMENT COMMITTEE**

DATE: October 17, 2007

CALLED TO ORDER: 5:03 p.m.

ADJOURNED: 6:01 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Joanne Sanders
André Carson
Virginia Cain

ABSENT MEMBERS

Lonnell Conley
Marilyn Pfisterer
Isaac Randolph

AGENDA

Proposal No. 449, 2007 - a final resolution for Bridgeport Crossing Apartment, LLC in an amount not to exceed \$9,000,000 to finance the acquisition, construction and equipping of an 180-unit apartment complex at 2005 Bridgeport Road (Bridgeport Crossing Apartments Project) (District 13)

“Do Pass”

Vote 4-0

Proposal No. 450, 2007 - a final resolution for Fox Lake Affordable Housing, Inc. (FARH) in an amount not to exceed \$29,700,000 for a full refunding of Multi-family Revenue Bonds Series 1999A and partial refunding of Multifamily Revenue Bonds Subordinate Series 1999B(Lake Nora and Fox Club Projects)(Districts 3 & 20)

“Do Pass”

Vote 4-0

Proposal No. 451, 2007 - a final resolution for Pedcor Investments–2006–LXXXVIII in an amount not to exceed \$15,000,000 to finance the acquisition, construction and equipping of a 220-unit apartment complex at West 79th Street and Township Line Road (Forest Ridge Apartments Project)(District 7)

“Do Pass”

Vote 4-0

Proposal No. 452, 2007 - an inducement resolution for GMF Mann Village LLC in an amount not to exceed \$14,500,000 to finance the acquisition and rehabilitation of the project formerly known as Mann Village Apartments, consisting of 336 units at 4010 Mann Village Road (Global Ministries Fellowship)(District 22)

“Do Pass”

Vote 4-0

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, October 17, 2007. Chairman Jackie Nytes called the meeting to order at 5:03 p.m. with the following members present: Councillors Joanne Sanders, André Carson, and Virginia Cain. Councillors Lonnell Conley, Marilyn Pfisterer, and Isaac Randolph were absent. Councillors Bob Cockrum and Robert Lutz were also present.

Rod Morgan, Bingham McHale and the Economic Development Commission, stated members of the committee have received an application for the Mann Village project, and two Executive Summaries, one for Mann Village and the other for Fox Club/Lake Side Pointe refinancing project.

Proposal No. 449, 2007 - a final resolution for Bridgeport Crossing Apartment, LLC in an amount not to exceed \$9,000,000 to finance the acquisition, construction and equipping of an 180-unit apartment complex at 2005 Bridgeport Road (Bridgeport Crossing Apartments Project) (District 13)

Mr. Morgan stated that the committee had induced this project earlier in the year, and stated that the amount is not to exceed \$9 million, not \$19 million as reflected by a typo in the proposal digest which has been corrected in these minutes. Mr. Morgan stated that there have been a couple changes to the project since it was initially induced. Mr. Morgan stated that a new road has been proposed to address concerns about access for the fire department, and overall access to the project as a whole (Exhibit A). Mr. Morgan stated that developers have reconfigured the property to reduce the density of the project site. Mr. Morgan stated that no members of the public spoke against the project at a recent Economic Development Commission Meeting. The Commission voted unanimously to recommend approval of the final resolution.

Chair Nytes stated that she would like for Rod Morgan to point out the location of the project sites to the Committee, on the map provided. Chair Nytes stated it is very important to show that the Council and the Economic Development Commission are supporting a wide range of housing options all across the county.

Councillor Cain inquired if the project consisted of new construction. Mr. Morgan stated that this is new construction. Councillor Cain stated that this is mixed use site and there are other things going up around the apartment complex. Mr. Morgan stated that there is a commercial aspect to the property that has been added. Councillor Cain inquired if a certain amount of the housing had to be low income. Mr. Morgan stated that restrictions apply on this project since it is to receive a Low Income Housing Tax Credit. The restrictions on this project are 40% of the units at 60% of the average median income.

Chair Nytes stated that this proposal had come before the committee earlier in the year for an inducement resolution. Mr. Morgan stated that inducement allows for the developer to go to the state for a volume cap, which allows for taxing bonds to be issued against the volume permitted in Indiana.

Vice President Sanders stated that there is no property tax commitment to this property. The tax credits come from the state, which are actually from federal housing. Mr. Morgan stated that the bonds will not be an obligation of the City of Indianapolis, and there will not be any tax revenues used to repay the bonds. Mr. Morgan stated that the only payments will be from revenue generated at the project. Mr. Morgan stated that the tax credit aspect of the project is a separate matter that will be utilized by the developer, to get additional financing to complete the project. Vice President Sanders and Mr. Morgan stated that no taxes will be committed by the use of these bonds.

Councillor Cain inquired if Councillor Lutz, present in the audience, was in favor of this project, since it will be in his district. Councillor Lutz stated that when he became Councillor in May, he had some reservations about the project, and after meeting representatives from the fire department, school corporation, and the developer, Councillor Lutz stated that he is in favor of this project.

Chair Nytes stated when the committee heard the proposal the first time, the committee approved the proposal with some conditions attached, and it appears the developer noted the concerns of the committee, and has made a much stronger project.

Councillor Lutz stated that property to the east of the new construction would be rehabilitated as part of the project. The other items (Exhibit A, highlighted), would be new construction.

Chair Nytes emphasized the significance of the investment of residential, warehouse, and office space in the area. Chair Nytes stated that this suggests that jobs may come to the area, which is good for everybody.

Councillor Cain stated that even though she will support this project in committee, to support Councillor Lutz, she may not vote for this on the Council floor, since it is new construction and 60% will be for the lower income bracket. Councillor Cain stated that she would like to see items, like this proposal to be used to rehabilitate existing structures.

Vice President Sanders moved, seconded by Councillor Carson to send Proposal No. 449, 2007 to the full Council with the recommendation "Do Pass". The motion carried 4-0.

Proposal No. 450, 2007 - a final resolution for Fox Lake Affordable Housing, Inc. (FARH) in an amount not to exceed \$29,700,000 for a full refunding of Multi-family Revenue Bonds Series 1999A and partial refunding of Multifamily Revenue Bonds Subordinate Series 1999B(Lake Nora and Fox Club Projects)(Districts 3 & 20)

Mr. Morgan stated that this project in the proposal digest will take place in two Council districts. The first project will take place in District 3, at 9000 North College Avenue. The second project will take place in District 20 at 440 South Keystone Avenue. Chair Nytes inquired if both projects were in the same package. Mr. Morgan stated that both projects have the same owner. Mr. Morgan stated that this project has been before the committee before, the last time in 2005

when the IRS opened a random audit on the property. The audit lasted two years and closed the audit with no findings and no comment. Mr. Morgan stated that this is a final resolution and has been in front of the Economic Development Commission, no member of the public spoke in favor or opposition to the proposal. The Commission voted unanimously in support of this project. Mr. Morgan stated that there will not be any tax revenues used for this project, the only money used will be revenues raised by the project.

Chair Nytes inquired if this was just a refinancing or if there would be actual construction on the sites indicated. Mr. Morgan stated that this would only be a refinancing of the property. Chair Nytes inquired if the money within the proposal would be used to repair any structures, Mr. Morgan responded that the money is only used to refinance the project.

Mr. Morgan stated that there will be a public hearing on this proposed refinancing on Friday October 19, 2007. Chair Nytes inquired if the committee was ahead of the Commission, and Mr. Morgan stated that this proposal falls under state statute, which allows for public testimony any time before final action is taken.

Chair Nytes stressed the fact that the financing will not involve property taxes, they are strictly revenue bonds that will be paid by the subsidies and rents.

Vice President Sanders inquired about the IRS tax status of The Foundation for Affordable Rental Housing, which owns the property in Indianapolis, and others in Kansas City and Memphis. Vice President Sanders inquired if it was a 501(c)3, Tom Peterson, Ice Miller, stated that it is classified as a 501(c)3.

Chair Nytes inquired about the occupancy rate of the dwellings. Mr. Morgan stated that the combined occupancy rate was 91%. Chair Nytes stated that the occupancy rate can reflect the quality of the management that operates the facilities.

Councillor Cain moved, seconded by Councillor Carson to send Proposal No. 450, 2007 to the Full Council with the recommendation "Do Pass". The motion carried 4-0.

Proposal No. 451, 2007 - a final resolution for Pedcor Investments-2006-LXXXVIII in an amount not to exceed \$15,000,000 to finance the acquisition, construction and equipping of a 220-unit apartment complex at West 79th Street and Township Line Road (Forest Ridge Apartments Project)(District 7)

Mr. Morgan stated that a public hearing has taken place and no member of the public spoke either for or against the project. Mr. Morgan stated that the bonds issued would not be an obligation of the City of Indianapolis and that no tax revenues would be utilized to repay the bonds.

Chair Nytes inquired about the number of units that are to be used for affordable housing, and what percentage of median income qualifies tenants for the affordable housing. Mr. Morgan stated that 40% of the units will be for tenants at 60% of the median income.

Councillor Cain inquired if this project consisted of new construction. Mr. Morgan stated that it did consist of new construction.

Mr. Morgan stated that there have been no substantial changes in the project since last viewed by the committee in 2006, as well as an extension to the inducement resolution, which was granted.

Chair Nytes stated that she wanted the Council to explore Councillor Cain's concerns with new buildings versus rehabilitation. Chair Nytes stated that it is her perspective that there are parts of the County that have older projects that could warrant remediation, and that the new construction is due to the fact that affordable housing is lacking in particular areas of the county. This provides a need for brand new affordable housing projects. Mr. Morgan stated that a demand survey was carried out, and a need for affordable housing was found in the projected areas of the county.

Mr. Tomas Peterson, Ice Miller, spoke to explain why new construction would need to take place instead of repairs to current tenements. Mr. Peterson stated that a "need study" was conducted in the area and it was determined that there was a need to build additional housing. Mr. Peterson stated that there were many projects that took place in the 1960's that may have been neglected or have just deteriorated over time, these are the projects that primarily need rehabilitation. Mr. Peterson stated that there can be a difficulty in determining if an area needs rehabilitation, such as if jobs are in the area or will stay in the area, as well as population shifts to or from the area. Mr. Peterson stated that rehabilitation can be very expensive as well as very risky. Chair Nytes pointed out the fact that this project is in an area with hospitals and retail stores that can provide many jobs to residents who live in the housing structure. Chair Nytes stated that not everyone who will be working in the hospitals will be making high wages, so there is a need for affordable housing. Chair Nytes stated that since public transportation is limited to this area, more housing that is available in this area will provide a workforce that is more conveniently located to job opportunities and would be very beneficial to the community.

Mr. Peterson stated that the bonds are revenue bonds and this is a commercial enterprise that will be paying property taxes. Chair Nytes stated that they will be paying lots of property taxes and inquired what the amount of property taxes would be. Chair Nytes requested that Mr. Morgan figure out what the amount of the anticipated property taxes would be for all structures in the four proposals before the Council meeting on October 29, 2007.

Vice President Sanders moved, seconded by Councillor Carson to send Proposal No. 451, 2007 to the Full Council with the recommendation "Do Pass." The motion carried 4-0.

Proposal No. 452, 2007 - an inducement resolution for GMF Mann Village LLC in an amount not to exceed \$14,500,000 to finance the acquisition and rehabilitation of the project formerly known as Mann Village Apartments, consisting of 336 units at 4010 Mann Village Road (Global Ministries Fellowship)(District 22)

Mr. Morgan stated that the Commission did a site inspection and noted that the property is in good condition. The developer is a 501(c)3 tax-exempt organization, but has agreed to enter into

a PILOT, payment in lieu of taxes, agreement so not all property tax money is lost once Global Ministries Fellowship (GMF) takes possession of the property. Mr. Morgan stated that the units are in good shape and 30% of the units are occupied by seniors and 70% are occupied by families. Mr. Morgan stated that the goal of the developer is to make this a senior housing project. Mr. Morgan stated that the current owner is not able to continue at the level of affordability agreed to, and must sell the property. Mr. Morgan stated that many of the units are Americans with Disabilities Act (ADA) accessible. Mr. Morgan stated that a goal of GMF is to utilize 50% of construction work by Minority Owned Business Enterprises (MBE) and Women Owned Business Enterprises (WBE). Mr. Morgan stated that the developed property was built in 1990 and has an occupancy rate of 93%. Mr. Morgan stated that there are retail shops in close proximity to the site.

Councillor Cain inquired if part of the ministry of GMF is to offer jobs and add jobs to the community, and if this property was connected to a church. Zeff Weiss, Ice Miller, stated the mission of GMF is to provide affordable housing to seniors, and this proposal continues this property as an affordable housing site for the elderly, Mr. Weiss stated that otherwise this property would become a “market-rate” property. He stated the minimum occupancy goal was 40% of tenants at 60% of the median income or lower at this site, but intends to make the site 100% affordable housing.

Mr. Weiss stated that there are no dedicated property taxes that service the bonds, but the entity is a 501(c)3, and therefore does not pay property taxes. Mr. Weiss stated that GMF will meet with Mr. Morgan to negotiate a PILOT program, which is a payment in lieu of property taxes. Mr. Weiss stated that even though GMF does not pay property taxes, their tenants, seniors, will have a minimal impact on services that are funded by property taxes, such as schools.

Vice President Sanders inquired if the focus of the project has changed since the drafting of the proposal, since many services listed in the proposal are geared towards family services and not senior services. Reverend Hamlin, Global Ministries Fellowship, stated that currently the property is 70% families and GMF will not force out families, but will encourage seniors to move in over time. Vice President Sanders inquired if the tenants at the facility were under a one-year lease term, Rev. Hamlin stated that they were.

Chair Nytes inquired if Rev. Hamlin’s corporation was going to own the property or if Tesco would be the owner of the property. Rev. Hamlin stated that GMF was based in Memphis, Tennessee. He said the IRS permitted GMF to own and operate low-income housing starting in 2005. GMF Preservation and Affordability Corporation, which is the financial wing of GMF, will be the sole owner of GMF Mann Village LLC. Rev. Hamlin stated that every property owned by GMF Preservation and Affordability Corporation must be set up as a subsidiary of GMF Preservation and Affordability Corporation. Rev. Hamlin stated that Global Ministries Fund is a faith-based mission agency that participates in many philanthropic outreach programs around the world. Rev. Hamlin stated that he has been involved in the real estate business for over fifteen years before being ordained in 1994 as a Baptist minister.

Chair Nytes inquired who would be in Indianapolis, if the corporation is based in Memphis, TN. Rev. Hamlin stated that Van Rooy will be the property management agent in Indianapolis. Rev. Hamlin stated that as the owner of GMF Preservation and Affordability he would be the asset manager. Chair Nytes inquired as to how often Rev. Hamlin would be in the Indianapolis area. Rev. Hamlin stated that he is in Indianapolis at least once a month, and said he had intentions of creating a district office in Indianapolis, if more properties are acquired.

Councillor Cain inquired if GMF staff would be living on the property in Indianapolis. Rev. Hamlin stated that GMF has a network of over 100 churches throughout the country who want to volunteer services to run the housing projects in their communities throughout the country. Rev. Hamlin stated that GMF exists to provide affordable housing to low-income people.

Chair Nytes inquired about the anticipated transition time when the facility will become completely senior living. Rev. Hamlin stated that three years is the target for the transition, but stated that it is hard to determine what the actual time period will be.

Chair Nytes inquired about the PILOT that will be negotiated between GMF and the City of Indianapolis. Mr. Morgan stated that the discussions are in the very early stages, and the city and GMF have not been able to sit down and discuss the parameters of the PILOT program. Rev. Hamlin stated GMF can be 100% tax exempt under state statute since 100% of the tenants are within 80% of the median income, but he is looking for a win-win scenario with the city where they remain tax exempt, but do pay money as outlined by a PILOT program.

Chair Nytes inquired what the current property taxes are. Mr. Morgan stated that the current owner pays approximately \$246,000. Rev. Hamlin spoke and stated that taxes are roughly \$260,000.

Councillor Cain asked Councillor Cockrum if he had a viewpoint on Proposal No. 452, 2007. Councillor Cockrum stated that many of his questions and reservations had been addressed by Mr. Morgan and Rev. Hamlin. Councillor Cockrum inquired about the management experience of GMF. Rev. Hamlin stated that the GMF staff has over 50 years of combined experience.

Councillor Cockrum stated his concerns with GMF's commitment to staying in Indianapolis, the impact of property taxes, as well as public transportation in the area around the housing units. Councillor Cockrum stated that he had been in contact with the petitioner to discuss his concerns with the project.

Chair Nytes referred to a map (Exhibit B) and inquired about the area surrounding the housing project. She stated that there was a nature preserve nearby, as well as a subsidized senior living complex. Rev. Hamlin stated that the apartment complex is a 202, which receives direct Federal Housing and Urban Development loans, and contain Section 8 rentals. Chair Nytes inquired about the possibility to install sidewalks along the length of the development, Rev. Hamlin stated that would be a good idea.

Chair Nytes stated that since this proposal will move through the system so quickly, it would be a good idea for the committee to list their recommendations and concerns. Chair Nytes stated that the Council is particularly concerned with property taxes, and would like to see the PILOT agreement negotiated as generously as GMF's financial structure would allow. Chair Nytes stated that the sooner the complex transitions to a senior living center the smaller the impact on Decatur Schools.

Councillor Cockrum inquired about the distribution process of the money collected from the PILOT program. Mr. Morgan stated that the money would be distributed as if it were collected tax revenue.

Councillor Cain inquired about the length of time of the PILOT program. Rev. Hamlin stated that the program spans many years and that the bonds cannot be prepaid for fifteen years, and GMF is here for the long haul to be a partner with the community.

Councillor Carson inquired if there were plans to have a satellite sanctuary on the site. Rev. Hamlin stated that there were no intentions. Rev. Hamlin stated that there is a community room on site that will be upgraded to house events for anyone, regardless of religious affiliation.

Chair Nytes asked, if Rev. Hamlin will continue to work with Councillor Cockrum and the city to address concerns that have been raised by the committee, if the proposal passes out of committee. Rev. Hamlin stated that he will continue to work to address the concerns of the committee.

Councillor Cain moved, seconded by Councillors Carson and Sanders to move Proposal No. 452, 2007 to the Full Council with the recommendation "Do Pass". The motion carried 4-0.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 6:01 p.m.

Respectfully submitted,

Jackie Nytes, Chair
Economic Development Committee

JN/brs